

AR41

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Wellington Bank International Limited (hereinafter called the "Bank") will be held at Sir Francis Suite, First Floor, Drake Hotel, 440 Park Avenue, New York, N.Y., Monday, December 30, 1968, at the hour of 11.00 in the forenoon (New York time) for the following purposes:

1. To receive and consider the consolidated balance sheet of the Bank as at February 29, 1968 and its wholly owned subsidiaries; the consolidated statement of contributed surplus, and the consolidated statement of revenue and expenses both for the year ended February 29, 1968, together with the report of the auditors thereon.
2. To receive the report of the President.
3. To elect directors and to fix their remuneration.
4. To appoint auditors and to authorize the directors to fix their remuneration.
5. To transact such other business as may be properly brought before the meeting or at any adjournment or adjournments thereof.

DATED this 13th day of December, 1968.

By Order of the Board,

SHEILA TRIFARI,

Secretary.

NOTE: Shareholders who are unable to be present are requested to complete and mail to Metropolitan Trust Company, 353 Bay Street, Toronto 1, Ontario, Canada in the enclosed envelope, the attached form of proxy.

INSTRUMENT OF PROXY  
For Individual Shareholder

Bahama Islands,  
New Providence.

I, ..... of .....  
being a holder of Class A/Class B\* shares of Wellington Bank International Limited, hereby nominate, constitute and appoint William J. Mindlin, whom failing Mitchell M. Bailey, whom failing Mrs. Sheila Trifari, all of New York, N.Y., U.S.A. or .....  
as my proxy to vote for me and on my behalf at the annual general meeting of the said Company to be held on Monday, the 30th day of December, 1968 and at any adjournment or adjournments thereof.

AS WITNESS my hand this ..... day of ..... 1968.

Signed by the said .....  
in the presence of: .....

NOTE 1: If a shareholder wishes to appoint another person as the proxy the three names mentioned should be deleted and the name of the proxy inserted in the space provided.

2: Instruments of proxy to be valid should be deposited with Metropolitan Trust Company, 353 Bay Street, Toronto 1, Ontario, Canada before 4 p.m. (Toronto time) on December 27th, 1968.

\*Strike out as applicable.



AR41

File

# Wellington Bank

INTERNATIONAL LIMITED

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## Annual Report

FOR FINANCIAL YEAR ENDING FEBRUARY 29

1968

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Head Office

317 BAY STREET, NASSAU, BAHAMAS





# WELLINGTON BANK INTERNATIONAL LIMITED

## REPORT OF THE PRESIDENT

The year ended February 29, 1968 has been one in which Wellington Bank International Limited has continued to be handicapped by the situation in Canada affecting its parent company, British International Finance (Canada) Limited, and its associated company, York Lambton Corporation Limited.

As outlined in the notes to the financial statements, this situation stems from complications surrounding the distribution of the assets of the Bank of Western Canada and, until this matter is resolved, Wellington Bank International Limited will not be in a position to support the operations of its subsidiaries.

In spite of these circumstances, the subsidiaries of Wellington Bank International Limited, which are completely autonomous in their operations, have conducted their activities satisfactorily. Wellington Overseas Corporation showed a profit for 1967-68; Wellington Bank Limited, although still operating at a loss, has increased its international transactions and contacts working with and through Wellington Overseas Corporation.

Turning to matters of detail, the principal changes in the balance sheet are two: First, large increases in the amount of commercial paper held and in the amount of deposits by other banks. This is due to the greatly increased activities of Wellington Overseas Corporation, whose substantial purchases of paper are financed by loans by U.S. banks; and, secondly, a substantial reduction in loans to customers which is due to the fact that certain subsidiaries were sold during the year, in order to simplify the Bank's operations and eliminate non-profitable subsidiaries. This also accounts for the reduction in income from loans, appearing in the statement of revenue and expense.

The net loss for the year is \$127,477 which includes a provision for doubtful loans (some of which may well be recovered) of \$111,282. There were also certain special charges amounting to \$207,977 which increased the deficit for the year to \$335,454. However, these charges also included a provision for a doubtful loan of \$134,979 and a loss on devaluation of sterling of \$33,004. These are significant items which have been treated on a very conservative basis, and it would appear that all contingencies have been well covered.

Your Directors feel that the most constructive step in present circumstances is to strengthen and support the operations of Wellington Bank Limited and Wellington Overseas Corporation so that these two companies can continue to develop and prosper. They both require stronger banking affiliations and possibly additional equity, and these possibilities are being actively pursued.

The Directors wish to express their appreciation of the hard work and loyalty of all personnel, particularly the staff of the operating subsidiaries throughout a difficult year.

WM. JOHN MINDLIN,  
*President.*

New York, N.Y.,  
December 4, 1968.

# WELLINGTON BANK INTERNATIONAL LIMITED

## SUPPLEMENTARY INFORMATION ON LOANS TO AFFILIATES

February 29, 1968

	"Written down" net asset value of security to nearest \$1,000	Amount of Loan
Secured Loans		
York Lambton Corporation Limited .....		\$1,138,438
Security		
203,600 shares Lambton Loan and Investment Company at \$5.46	\$1,112,000	
22,368 shares Canadian First Mortgage Corporation at \$4.88 .....	109,000	
	<u>\$1,221,000</u>	
The Presidents' Fund Limited .....		60,118
Security		
50,896 Class 'A' shares of British International Finance (Canada) Limited at \$1.00 per share .....	<u>\$ 50,000</u>	
British International Finance (Canada) Limited		
Direct loan .....		247,772
Loan to B.I.F. Management Limited, guaranteed by British International Finance (Canada) Limited .....		1,149,485
Loan to Bienvenu International Corporation, guaranteed by British International Finance (Canada) Limited .....		20,443
Security		
772,562 Class 'B' shares York Lambton Corporation Limited at \$1.60 .....	\$1,236,000	
3,360 Class 'A' shares York Lambton Corporation Limited at \$1.60 .....	5,000	
297,360 Class 'B' shares Wellington Bank International Limited ..	—	
	<u>\$1,241,000</u>	
		2,616,256
Unsecured loan to Bienvenu International Corporation .....		81,142
Total loans .....		2,697,398
Less Provision for doubtful loans .....		237,976
		<u>\$2,459,422</u>

# WELLINGTON BANK INTERNATIONAL LIMITED

## AUDITORS' REPORT

The Shareholders,  
Wellington Bank International Limited.

We have examined the consolidated balance sheet of Wellington Bank International Limited and wholly-owned subsidiary companies as at February 29, 1968 and the consolidated statements of contributed surplus, deficit and revenue and expenses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Because of the possible detrimental effect of the litigation referred to in Note 4, we are unable to satisfy ourselves as to the value of the Bank's investment of \$326,400 in the shares of York Lambton Corporation Limited.

We are also unable to satisfy ourselves as to the collectibility of the loan of \$247,772 made to British International Finance (Canada) Limited in a prior year (see Note 3) and the loans of \$1,169,928 guaranteed by that company (see Notes 3, 8 and 9). The collateral pledged by British International Finance (Canada) Limited in support of these loans consists mainly of shares in York Lambton Corporation Limited and for the reason referred to in the preceding paragraph the value of this collateral is unknown.

In our opinion, subject to the foregoing qualifications, these financial statements present fairly the financial position of the Bank and its wholly-owned subsidiary companies as at February 29, 1968 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,  
Chartered Accountants.

Nassau, Bahamas,  
July 26, 1968.



## WELLINGTON BANK INTERNATIONAL LIMITED

(Incorporated under the laws of the Bahama Islands)

## AND WHOLLY-OWNED SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEET AS AT FEBRUARY 29, 1968

(Expressed in Canadian currency)

ASSETS	1968	1967
Cash and deposits with other banks .....	\$ 896,507	\$1,015,474
Marketable securities, at cost less amounts written off, not exceeding market value .....	193,828	323,754
Commercial paper, at cost plus accrued interest .....	4,112,047	430,526
Loans to customers .....	436,048	1,068,649
Loans to, or guaranteed by, affiliated companies (Note 3) .....	2,459,422	2,768,937
Investments in affiliated companies, at cost less amounts written off (Note 4) ..	366,257	391,072
Property, leasehold improvements and equipment, at cost less amounts written off .....	177,358	230,538
Other assets (Note 5) .....	63,053	55,404
	<u>\$8,704,520</u>	<u>\$6,284,354</u>

## LIABILITIES

Deposits by other banks (Note 10) .....	\$3,761,464	\$ 789,412
Deposits by affiliated companies .....	8,750	10,000
Other deposits .....	1,365,962	1,441,328
Unearned interest income .....	—	53,080
Provision for estimated future losses on liquidation of certain subsidiary companies and other possible contingencies .....	110,000	200,000
Accrued liabilities .....	50,540	47,276
	<u>5,296,716</u>	<u>2,541,096</u>

## SHAREHOLDERS' EQUITY

## Capital stock

## Authorized:

1,000,000 Class 'A' shares of £1 each with one vote per share (Note 7)

1,000,000 Class 'B' shares of £1 each with five votes per share

## Issued and fully paid

500,000 Class 'A' shares ..... 1,500,000 | 1,500,000 |300,005 Class 'B' shares ..... 900,015 | 900,015 |

	2,400,015	2,400,015
Surplus (statement 2) .....	1,007,789	1,343,243
	<u>3,407,804</u>	<u>3,743,258</u>
	<u>\$8,704,520</u>	<u>\$6,284,354</u>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

AUBERT BRILLANT, Director.

MAURICE R. JENNINGS, Director.



## WELLINGTON BANK INTERNATIONAL LIMITED

## CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

For the year ended February 29, 1968

(Expressed in Canadian currency)

	1968	1967
Balance as at year end represented by:		
Premium of \$4.50 per share on issue of 500,000 Class 'A' and 300,000 Class 'B' shares, no change during year .....	<u>\$3,600,000</u>	<u>\$3,600,000</u>

## CONSOLIDATED STATEMENT OF DEFICIT

For the year ended February 29, 1968

(Expressed in Canadian currency)

	1968	1967
Deficit (undivided profits), beginning of year .....	\$2,256,757	\$ (49,522)
Transfer from inner reserves .....	—	(30,000)
Net loss for the year .....	127,477	16,137
Special charges (Note 6) .....	207,977	2,305,142
Dividend paid on Class 'A' shares .....	—	15,000
Deficit, end of year .....	<u>\$2,592,211</u>	<u>\$2,256,757</u>

## CONTRIBUTED SURPLUS LESS DEFICIT

	1968	1967
Contributed surplus, as above .....	\$3,600,000	\$3,600,000
Deficit, as above .....	<u>2,592,211</u>	<u>2,256,757</u>
Surplus, end of year .....	<u>\$1,007,789</u>	<u>\$1,343,243</u>

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF REVENUE  
AND EXPENSES

For the year ended February 29, 1968

(Expressed in Canadian currency)

	1968	1967
Revenue		
Income from loans .....	\$248,547	\$400,139
Income from securities and commercial paper .....	222,306	126,196
Other operating revenue .....	106,688	79,545
	<u>577,541</u>	<u>605,880</u>
Expenses		
Interest on deposits .....	135,514	154,991
Salaries, directors' fees and employee benefits .....	169,546	196,259
Property expenses, including depreciation of \$15,285 in 1968 and \$32,703 in 1967 .....	72,022	110,333
Provision for doubtful loans .....	111,282	1,428
Other operating expenses .....	216,654	159,006
	<u>705,018</u>	<u>622,017</u>
Net loss for the year .....	<u>\$127,477</u>	<u>\$ 16,137</u>

The accompanying notes are an integral part of these financial statements.

# WELLINGTON BANK INTERNATIONAL LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

February 29, 1968

1. The consolidated financial statements include the accounts of the following wholly-owned subsidiaries:

Wellington Bank Limited  
Wellington Overseas Corporation  
Fairline Investments Limited

The 1967 figures are not comparable with 1968 inasmuch as they include the accounts of the following wholly-owned subsidiaries which were sold during the current fiscal year:

Simcoe Retail Acceptance Limited  
Simcoe Plan Limited  
Globe Auto Lease Limited

2. Assets and liabilities maintained in other currencies have been translated into Canadian dollars at the following rates of exchange:

B \$1.00 — Cdn. \$1.06  
U.S. \$1.00 — Cdn. \$1.08  
U.K. £1 — Cdn. \$2.59

3. Details of loans to, or guaranteed by affiliated companies are shown below:

	1968	1967
Loans to affiliated companies		
Secured		
York Lambton Corporation Limited .....	\$1,138,438	\$1,181,978
The Presidents' Fund Limited .....	60,118	109,227
B.I.F. Management Limited (Note 8) .....	1,149,485	1,063,795
Bienvenu International Corporation (Note 9) .....	20,443	—
British International Finance (Canada) Limited .....	247,772	229,305
Unsecured		
Bienvenu International Corporation .....	81,142	—
Loans to non-affiliated companies guaranteed by		
British International Finance (Canada) Limited .....	—	184,632
	<u>2,697,398</u>	<u>2,768,937</u>
Less provision for doubtful loans .....	237,976	—
	<u>\$2,459,422</u>	<u>\$2,768,937</u>

4. Investments in affiliated companies at cost less amounts written off consist of the following:

	Number of shares		Cost less amounts written off	
	1968	1967	1968	1967
British International Finance (Canada) Limited 'A' .....	—	400	—	\$ 3,641
International Fund of Canada Limited .....	10	10	\$ 30	30
The Presidents' Fund Limited				
Class 'A' .....	3,812	3,812	38,120	38,120
Class 'B' .....	8,124	8,124	569	7,620
Common .....	16,252	16,252	1,137	15,260
The Presidents' Fund Sales Limited — Preferred .....	1,040	1,040	1	1
York Lambton Corporation Limited 'B' .....	204,000	204,000	326,400	326,400
			<u>\$366,257</u>	<u>\$391,072</u>

The bank's investment in the 'B' shares of an affiliated company, York Lambton Corporation Limited, was written down to its market value at February 28, 1967 and no further write down was considered necessary during the current fiscal year. York Lambton Corporation Limited is presently involved in certain litigation in Canada and on June 6, 1968 the Supreme Court of Ontario issued a ruling which, if upheld, would have a detrimental effect on the value of the bank's investment in York Lambton Corporation Limited shares. However, York Lambton Corporation Limited has appealed this decision and has been advised by its counsel that its appeal has a reasonable chance of success. In view of the pending appeal, the management of the bank has decided that it would be premature to reduce the value of the bank's investment in York Lambton Corporation Limited at February 29, 1968.

5. Other assets of \$63,053 (\$55,404 in 1967) include the following unsecured current accounts due from affiliated companies:

	1968	1967
British International Finance (Canada) Limited .....	\$31,364	\$27,027
York Lambton Corporation Limited .....	6,578	5,702
Bank of Western Canada .....	5,405	5,405
	<u>\$43,347</u>	<u>\$38,134</u>

6. Special charges consist of the following:

Estimated future losses on liquidation of certain subsidiary companies and other possible contingencies .....	\$ 39,994
Loss arising from the devaluation of Sterling currency assets .....	33,004
Provision for doubtful loan (Note 8) .....	134,979
	<u>\$207,977</u>

7. The bank has set aside 40,000 Class 'A' shares of its capital stock for issuance pursuant to stock options to be granted to key executive personnel at prices not less than 90% of their market value on the day prior to the granting of such options.

8. The loan of \$1,149,485 to an affiliated company, B.I.F. Management Limited, which would appear to be otherwise uncollectible, has been guaranteed to the extent of \$1,000,000 with interest thereon at 7% from December 27, 1967 by another affiliated company, British International Finance (Canada) Limited. Provision has been made in the accounts for the excess of the amount due over the amount guaranteed, although management is of the opinion that the full amount of the indebtedness plus any accrued interest will be collected in full.

9. The loans totalling \$101,585 to an affiliated company, Bienvenu International Corporation, which would appear to be otherwise uncollectible, have been guaranteed to the extent of \$20,443 by British International Finance (Canada) Limited. Provision has been made in the accounts for the full amount of the loans.

10. Deposits by other banks include loans from banks of \$3,655,518 collateralized by commercial paper.

# WELLINGTON BANK INTERNATIONAL LIMITED

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## AUDITORS' REPORT

The Directors,  
Wellington Bank International Limited.

We have examined the balance sheet of Wellington Bank International Limited as at February 29, 1968 and the statements of contributed surplus, deficit and revenue and expenses for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Because of the possible detrimental effect of the litigation referred to in Note 4, we are unable to satisfy ourselves as to the value of the Bank's investment of \$326,400 in the shares of York Lambton Corporation Limited.

We are also unable to satisfy ourselves as to the collectibility of certain loans made by the Bank's wholly-owned subsidiary company, Fairline Investments Limited, to British International Finance (Canada) Limited amounting to \$247,772 and a loan of \$1,149,485 guaranteed by that company (see Note 7). The collateral pledged by British International Finance (Canada) Limited in support of these loans consists mainly of shares in York Lambton Corporation Limited and for the reason referred to in the preceding paragraph the value of this collateral is unknown.

In our opinion, subject to the foregoing qualifications, these financial statements present fairly the financial position of the Bank as at February 29, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,  
Chartered Accountants.

Nassau, Bahamas,  
July 25, 1968.



## WELLINGTON BANK INTERNATIONAL LIMITED

(Incorporated under the laws of the Bahama Islands)

## BALANCE SHEET AS AT FEBRUARY 29, 1968

(Expressed in Canadian currency)

## ASSETS

	1968	1967
Cash .....	\$ 29,666	\$ 16,815
Investments in wholly-owned subsidiary companies, at cost less amounts written off (Notes 2 and 3) .....	1,054,872	1,054,875
Advance to wholly-owned subsidiary company, Fairline Investments Limited (Note 7) .....	2,468,299	3,390,581
Investments in affiliated companies, at cost less amounts written off (Note 4) ..	366,257	391,073
Furniture and fixtures, at cost less amounts written off .....	—	9,276
Other assets (Note 5) .....	43,730	—
	<u>\$3,962,824</u>	<u>\$4,862,620</u>

## LIABILITIES

Deposits by other banks .....	\$ 105,946	\$ 324,324
Deposits by subsidiary and affiliated companies (Note 8) .....	191,187	427,004
Other deposits .....	—	55,000
Provision for estimated future losses on liquidation of certain subsidiary companies and other possible contingencies .....	110,000	200,000
Accrued liabilities .....	10,392	14,272
	<u>417,525</u>	<u>1,020,600</u>

## SHAREHOLDERS' EQUITY

Capital stock		
Authorized:		
1,000,000 Class 'A' shares of £1 each, with one vote per share (Note 9)		
1,000,000 Class 'B' shares of £1 each, with five votes per share		
Issued and fully paid:		
500,000 Class 'A' shares .....	1,500,000	1,500,000
300,005 Class 'B' shares .....	900,015	900,015
	<u>2,400,015</u>	<u>2,400,015</u>
Surplus (Statement 2) .....	1,145,284	1,442,005
	<u>3,545,299</u>	<u>3,842,020</u>
	<u>\$3,962,824</u>	<u>\$4,862,620</u>

The accompanying notes are an integral part of these financial statements.

## WELLINGTON BANK INTERNATIONAL LIMITED

## STATEMENT OF CONTRIBUTED SURPLUS

For the year ended February 29, 1968  
(Expressed in Canadian currency)

	1968	1967
Balance as at year end represented by:		
Premium of \$4.50 per share on issue of 500,000 Class 'A' and 300,000 Class 'B' shares, no change during year .....	\$3,600,000	\$3,600,000

## STATEMENT OF DEFICIT

For the year ended February 29, 1968  
(Expressed in Canadian currency)

	1968	1967
Deficit (undivided profits), beginning of year .....	\$2,157,995	\$ (86,505)
Net loss (profit) for the year .....	119,910	(68,139)
Transfer from inner reserves .....	—	(30,000)
Special charges (Note 6) .....	176,811	2,327,639
Dividend paid on Class 'A' shares .....	—	15,000
Deficit, end of year .....	\$2,454,716	\$2,157,995

## CONTRIBUTED SURPLUS LESS DEFICIT

	1968	1967
Contributed surplus, as above .....	\$3,600,000	\$3,600,000
Deficit, as above .....	2,454,716	2,157,995
Surplus, end of year .....	\$1,145,284	\$1,442,005

## STATEMENT 3

## STATEMENT OF REVENUE AND EXPENSES

For the year ended February 29, 1968  
(Expressed in Canadian currency)

	1968	1967
Revenue		
Interest from loans and advances .....	\$200,410	\$271,994
Interest from investments .....	1,785	18,413
Other .....	—	3,315
	202,195	293,722
Expenses		
Interest .....	25,459	45,800
Salaries, directors' fees and employee benefits .....	62,496	88,974
Property expenses, including depreciation of \$1,200 in 1968 and \$985 in 1967 .....	26,276	30,729
Provision for doubtful loan .....	100,000	—
Other operating expenses .....	107,874	60,080
	322,105	225,583
Net loss (profit) for the year .....	\$119,910	\$ (68,139)

The accompanying notes are an integral part of these financial statements.

# WELLINGTON BANK INTERNATIONAL LIMITED

## NOTES TO FINANCIAL STATEMENTS

February 29, 1968

1. Accounts maintained in other currencies have been translated into Canadian dollars at the following rates of exchange:

B. \$1.00 = Can. \$1.06

U.S. \$1.00 = Can. \$1.08

U.K. £1 = Can. \$2.59

2. Aggregate net losses of subsidiary companies not provided for in the accounts amount to \$34,101 for the year under review (\$62,024 in 1967) and \$137,495 since acquisition of the shares of those subsidiaries.
3. Investments in wholly-owned subsidiary companies consist of the following:

	1968	1967
Wellington Bank Limited, at cost .....	\$ 514,312	\$ 514,312
Wellington Overseas Corporation, at cost .....	540,540	540,540
Fairline Investments Limited, at cost .....	15	15
B.I.F. Investment Services of Canada Limited, at cost .....	5	5
Simcoe Retail Acceptance Limited .....	—	1
Simcoe Plan Limited .....	—	1
Globe Auto Lease Limited .....	—	1
	<u>\$1,054,872</u>	<u>\$1,054,875</u>

4. Investments in affiliated companies at cost less amounts written off consist of the following:

	Number of shares		Cost less amounts written off	
	1968	1967	1968	1967
British International Finance (Canada) Limited — 'A' .....	—	400	—	\$ 3,642
International Fund of Canada Limited .....	10	10	\$ 30	30
The Presidents' Fund Limited				
Class 'A' .....	3,812	3,812	38,120	38,120
Class 'B' .....	8,124	8,124	569	7,620
Common .....	16,252	16,252	1,137	15,260
The Presidents' Fund Sales Limited — preferred .....	1,040	1,040	1	1
York Lambton Corporation Limited — 'B' .....	204,000	204,000	326,400	326,400
			<u>\$366,257</u>	<u>\$391,073</u>

The bank's investment in the 'B' shares of an affiliated company, York Lambton Corporation Limited, was written down to its market value at February 28, 1967 and no further write down was considered necessary during the current fiscal year. York Lambton Corporation Limited is presently involved in certain litigation in Canada and on June 6, 1968 the Supreme Court of Ontario issued a ruling which, if upheld, would have a detrimental effect on the value of the bank's investment in York Lambton Corporation Limited shares. However, York Lambton Corporation Limited has appealed this decision and has been advised by its counsel that its appeal has a reasonable chance of success. In view of the pending appeal, the management of the bank has decided that it would be premature to reduce the value of the bank's investment in York Lambton Corporation Limited at February 29, 1968.

5. Other assets of \$43,730 (\$ NIL in 1967) include the following amounts due from affiliated companies:

9% term loan —	
Bienvenu International Corporation .....	\$101,585
Unsecured current accounts —	
British International Finance (Canada) Limited .....	27,027
York Lambton Corporation Limited .....	5,405
	<hr/>
	134,017
Less provision for doubtful loan .....	100,000
	<hr/>
	\$ 34,017

6. Special charges consist of the following:

Estimated future losses on liquidation of certain subsidiary companies and other possible contingencies .....	\$ 39,994
Loss arising from the devaluation of Sterling currency assets .....	1,838
Provision for doubtful loan (Note 7) .....	134,979
	<hr/>
	\$176,811

7. The Bank has agreed to absorb any losses which may be incurred by its wholly-owned subsidiary company, Fairline Investments Limited, in the course of collecting its loans. A loan of \$1,149,485 made by Fairline Investments Limited to an affiliated company, B.I.F. Management Limited, which would appear to be otherwise uncollectible, has been guaranteed to the extent of \$1,000,000 with interest thereon at 7% from December 27, 1967 by another affiliated company, British International Finance (Canada) Limited. Provision has been made in the accounts for the excess of the amount due over the amount guaranteed, although management is of the opinion that the full amount of the indebtedness plus any accrued interest will be collected in full.

8. Deposits by subsidiary and affiliated companies consist of the following:

	1968	1967
Subsidiaries:		
Wellington Overseas Corporation .....	\$182,437	\$389,188
Wellington Bank Limited .....	—	27,816
	<hr/>	<hr/>
	182,437	417,004
Affiliate:		
York Lambton Corporation Limited .....	8,750	—
B.I.F. Investment Services Limited .....	—	10,000
	<hr/>	<hr/>
	\$191,187	\$427,004

9. The bank has set aside 40,000 Class 'A' shares of its capital stock for issuance pursuant to stock options to be granted to key personnel at prices not less than 90% of their market value on the day prior to the granting of such options.



# WELLINGTON BANK LIMITED

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## AUDITORS' REPORT

The Shareholders,  
Wellington Bank Limited.

We have examined the balance sheet of Wellington Bank Limited as at February 29, 1968 and the statements of contributed surplus and revenue, expenses and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the bank as at February 29, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,  
Chartered Accountants.

Nassau, Bahamas,  
April 8, 1968.

# WELLINGTON BANK LIMITED

(Incorporated under the laws of the Bahama Islands)

## BALANCE SHEET AS AT FEBRUARY 29, 1968

(Expressed in Bahamian dollars)

ASSETS		1968	1967
Cash and deposits with other banks .....	B\$	478,407	B\$ 765,184
Day-to-day and short-term loans, fully secured .....		411,576	141,355
Marketable securities, at cost less amounts written off, not exceeding market value .....		182,950	305,265
Commercial paper, at cost plus accrued interest .....		430,830	318,338
Due from parent company, Wellington Bank International Limited (Can. \$27,816) .....		—	26,253
Property, leasehold improvements and equipment, at cost less amounts written off .....		145,306	149,088
Accrued interest receivable .....		6,277	9,363
		<u>B\$1,655,346</u>	<u>B\$1,714,846</u>

LIABILITIES			
Customers' deposits .....	B\$1,289,300	B\$1,308,523	
Accrued charges .....	18,938	17,137	
	<u>1,308,238</u>	<u>1,325,660</u>	

SHAREHOLDERS' EQUITY			
Capital stock			
Authorized:			
1,000,000 shares of £1 each			
Issued and fully paid:			
100,006 shares .....	285,731	285,731	
Surplus (Statement 2) .....	61,377	103,455	
	<u>347,108</u>	<u>389,186</u>	
	<u>B\$1,655,346</u>	<u>B\$1,714,846</u>	

On behalf of the Board:

G. H. M. HALL, Director.

B. A. CHALMERS, Director.

## WELLINGTON BANK LIMITED

## STATEMENT OF CONTRIBUTED SURPLUS

For the year ended February 29, 1968

(Expressed in Bahamian dollars)

	1968	1967
Balance as at year end represented by:		
Excess of amount subscribed by parent company, Wellington Bank		
International Limited, over par value of capital stock issued therefor ....	<u>B\$199,997</u>	<u>B\$199,997</u>

## STATEMENT OF CONTRIBUTED SURPLUS LESS DEFICIT

Contributed surplus, as above .....	B\$199,997	B\$199,997
Deficit (Statement 3) .....	138,620	96,542
Surplus, end of year .....	<u>B\$ 61,377</u>	<u>B\$103,455</u>

STATEMENT 3

## STATEMENT OF REVENUE, EXPENSES AND DEFICIT

For the year ended February 29, 1968

(Expressed in Bahamian dollars)

	1968	1967
Revenue		
Income from loans .....	B\$ 36,447	B\$ 35,530
Income from securities .....	127,657	34,214
Other operating revenue .....	10,512	6,061
	<u>174,616</u>	<u>75,805</u>
Expenses		
Interest .....	42,312	30,243
Salaries and employee benefits .....	52,691	38,400
Property expenses, including depreciation of \$11,155 in 1968 and \$7,331 in 1967 .....	35,045	41,806
Other operating expenses .....	57,229	31,789
	<u>187,277</u>	<u>142,238</u>
Loss before the following .....	12,661	66,433
Loss arising on the devaluation of Sterling currency assets .....	29,417	—
Net loss for the year .....	42,078	66,433
Deficit, beginning of year .....	96,542	30,109
Deficit, end of year .....	<u>B\$ 138,620</u>	<u>B\$ 96,542</u>

## NOTES TO FINANCIAL STATEMENTS

February 29, 1968

1. Accounts maintained in currencies other than Bahamian dollars have been translated at the approximate rates of exchange prevailing at the year end.
2. The bank is committed under a long-term lease to an annual rental charge of approximately B\$29,000 for the next five years.

**WELLINGTON OVERSEAS CORPORATION**  
(A wholly-owned subsidiary of Wellington Bank International Limited)

**BALANCE SHEET**

February 29, 1968

(Expressed in U.S. Currency)

**ASSETS**

**CURRENT ASSETS:**

Cash .....	\$ 496,563.18
Accounts receivable due from affiliated companies .....	6,134.32
Trade and bank acceptances — at cost plus accretion of discount (pledged as collateral for loans from bank) .....	3,381,430.08
Miscellaneous .....	1,331.00
<b>TOTAL CURRENT ASSETS .....</b>	<b>\$3,885,458.58</b>

**FIXED ASSETS — at cost:**

Furniture, fixtures and equipment .....	\$ 18,263.73
Automobile .....	6,654.75
	<b>\$ 24,918.48</b>
Less accumulated depreciation .....	3,587.50      21,330.98
	<b><u>\$3,906,789.56</u></b>

**LIABILITIES AND STOCKHOLDER'S INVESTMENT**

**CURRENT LIABILITIES:**

Loans from bank (collateralized by trade and bank acceptances) .....	\$3,381,354.17
Accounts payable and accrued expenses .....	17,163.48
Payroll taxes withheld .....	1,122.15
<b>TOTAL CURRENT LIABILITIES .....</b>	<b>\$3,399,639.80</b>

**STOCKHOLDER'S INVESTMENT:**

Common stock, no par value:		
Authorized, 200 shares		
Issued and outstanding, 100 shares .....	\$ 500,000.00	
Retained earnings .....	7,149.76	507,149.76
		<b><u>\$3,906,789.56</u></b>



**WELLINGTON OVERSEAS CORPORATION**  
(A wholly-owned subsidiary of Wellington Bank International Limited)

**STATEMENT OF EARNINGS AND RETAINED EARNINGS**

Year ended February 29, 1968

(Expressed in U.S. Currency)

**Revenues:**

Gain on sale of purchased investment paper and earned discount (including approximately \$20,000.00 from parent company) .....	\$ 164,348.04
Income from affiliated companies .....	11,675.32
	<u>\$ 176,023.36</u>

**Expenses:**

Administrative expenses .....	\$ 99,776.63	
Bank charges and interest .....	69,584.70	169,361.33

NET EARNINGS (Note) .....	\$	6,662.03
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Retained earnings, beginning of year .....		487.73
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Retained earnings, end of year .....	\$	<u>7,149.76</u>
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NOTE: No provision for federal income taxes is required due to the application of the 7% investment credit and foreign tax credits.

**AUDITORS' REPORT**

Board of Directors,  
Wellington Overseas Corporation,  
New York, New York.

We have examined the accompanying balance sheet of Wellington Overseas Corporation (a wholly-owned subsidiary of Wellington Bank International Limited) as of February 29, 1968, and the related statement of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Wellington Overseas Corporation at February 29, 1968 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART,  
Certified Public Accountants.

New York,  
April 10, 1968.



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